

MEETING: 11 FEBRUARY 2021

MINUTES OF PREVIOUS MEETING

Minutes of the 475th meeting of the
Accounts Commission held via online meeting
on Thursday 14 and 28 January 2021, at 9.30am.

PRESENT: Elma Murray (Interim Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig (28 January only)
Sheila Gunn
Christine Lester
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit
and Best Value (PABV) (14 January only)
Carol Calder, Senior Manager, PABV (Item 10)
Antony Clark, Audit Director, PABV (Items 10 and 11))
Blyth Deans, Audit Manager, PABV (Item 10)
Gemma Diamond, Audit Director, PABV (Item 14)
Derek Hoy, Audit Manager, PABV (Item 6)
David Love, Senior Auditor, PABV (Item 10)
Diane McGiffen, Chief Operating Officer (Item 13)
Tricia Meldrum, Senior Manager, PABV (Item 11)
Beverley Oakman, Audit Manager, PABV (Item 11)
Garry Quigley, Audit Officer, PABV (Item 6)
Mark Roberts, Audit Director, PABV (Items 5 and 6)
Claire Tennyson, Audit Officer, PABV (Item 10)
Sally Thompson, Audit Manager, PABV (Item 6)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 10 and 17 December 2020
5. Strategy and work programme: Audit Scotland response to Commission themes and priorities
6. Climate change: internal briefing and developing plan
7. Secretary's update report
8. Interim Chair's update report
9. Controller of Audit report
10. Local government overview 2021: emerging messages (in private)
11. * Performance audit – Education outcomes: draft report (in private)
12. Best Value update (in private)
13. Audit Scotland update (in private)
14. Strategic Scrutiny Group update (in private)
15. Any other business

* This item was considered on 28 January.

Introductory remarks: Caroline Gardner

At the beginning of the 14 January meeting, the Commission agreed to convey its congratulations to Caroline Gardner, former Auditor General for Scotland, on being awarded a CBE in the New Year Honours List for services to the public sector in Scotland.

Introductory remarks: Controller of Audit and Director of PABV

At the beginning of the 28 January meeting, the Commission noted advice from the Chair that the Controller of Audit and Director of PABV had submitted his notice of resignation. She had agreed consequently, in conjunction with the Accountable Officer of Audit Scotland as appropriate, that the postholder would not be supporting the Commission at the 28 January meeting, with a view to interim reporting arrangements for the Commission in relation to the Controller of Audit and Director of PABV being agreed subsequently between the Commission, Accountable Officer and the postholder.

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig (14 January only).

2. Declarations of interest

The following declarations of interest were made:

- Christine Lester, in item 14, as a member of the Board of Health Improvement Scotland.
- Elma Murray, in item 11, as Deputy Chair of the Developing Young Workforce Employers Forum.
- Sharon O'Connor, in item 6, as a member of the Sustainable Energy Authority of Ireland.

Advice was noted from the Secretary that Sophie Flemig had provided comments on the business on the agenda, and accordingly had declared an interest in item 6 as a trustee of Stop Climate Chaos Scotland.

3. Order of business

It was agreed that items 10 to 15 be considered in private because:

- Item 10 requires the Commission to consider emerging messages from a performance audit report which may require consideration of confidential audit matters in advance of further audit work.
- Item 11 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 12 requires the Commission to consider confidential policy matters.
- Item 13 requires the Commission to consider confidential business matters.
- Item 14 requires the Commission to consider confidential policy matters.
- Item 15 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Interim Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The Interim Chair advised that there was business to be considered for item 15.

4. Minutes of meeting of 10 and 17 December 2020

The minutes of the meeting of 10 and 17 December 2020 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 4, first bullet point, noted advice from the Interim Chair in response to a query from Geraldine Wooley that the proposed member workshop on the principles associated with the audit appointments procurement strategy, including the Commission's legal obligations in this regard, would take place on 11 February.
- In relation to item 4, second bullet point, noted advice from the Interim Chair that she had agreed with Andrew Burns and Andrew Cowie that they would act as sponsors for the forthcoming housing benefit performance audit thematic work.
- In relation to item 7, having noted advice from the Secretary that some members had sought further information on the Office of National Statistics classification of the Accounts Commission, agreed that this be provided to all members.

Action: Secretary

- In relation to item 16, second bullet point, noted advice from the Interim Chair that the Associate Director, AQA had presented the Best Value Working Group with an updated timeline and 'route map' at its meeting on 7 January, which would be updated and circulated to Commission members for information.

Action: Interim Chair

5. Strategy and work programme: Audit Scotland response to Commission themes and priorities

The Commission considered a report by the Director of PABV setting out how Audit Scotland is planning to respond to the themes and priorities emerging as part of the Commission's strategy development and Insight Programme work.

During discussion, the Commission:

- Noted advice from Mark Roberts, Audit Director, PABV, that he was discussing with the Commission Secretary how to develop how the Commission and the Director can interact more regularly on the work programme throughout the year.
- Agreed that the following matters be given further consideration in the further drafting of the work programme:
 - Recognising good practice in the public sector response to the Covid-19 pandemic (raised by Geraldine Wooley).
 - Developing a more citizen and community centred perspective throughout audit reporting (Geraldine Wooley).
 - Ensuring significant priority in reporting governance and accountability matters associated with the increased distribution of financial resources across the public sector (Sheila Gunn).

- In developing an audit response in relation to community justice issues, ensuring linkages with other areas of public policy (Stephen Moore).
- Increasing the priority of work on children and young people's mental health (Stephen Moore)
- Further in this regard, increasing the priority of work in wider mental health matters.
- In developing further audit reporting in relation to health and social care, ensuring sufficient priority for consideration of outcomes in this regard (Christine Lester).
- Increasing the priority of work on digital exclusion (Tim McKay).
- Ensuring better reflection of longer-term themes in how the work programme is presented, to better reflect the uncertainty of the current public policy environment (Andrew Cowie).
- Ensuring that how local government matters are reflected in how the work programme is presented better reflects the Commission's statutory responsibilities in reporting (Pauline Weetman).

Action: Director of PABV

- In relation to the second sub-bullet point above, noted advice from the Director about ongoing discussions with other UK audit agencies about how to progress in this regard.
- Agreed that the proposed stakeholder consultation on the work programme ensure adequate timescales, to reflect the pressure faced by stakeholders as a result of the pandemic (Andrew Burns).

Action: Secretary

- Agreed that the proposed consultation optimise the scope for obtaining citizen and community views (Sharon O'Connor).

Action: Secretary

- Noted advice from the Director about a proposed publication by Audit Scotland on the impact of the Covid-19 pandemic on public audit in Scotland.
- Further in this regard, agreed to note advice from the Director that he would be liaising with the Chair, Deputy Chair and Secretary on the content of this publication.

Action: Director of PABV

Following discussion, the Commission agreed to:

- Note the progress made in developing proposals that respond to its emerging themes and priorities.
- Approve the consultation approach set out in the paper.
- Noted that it would be considering further proposals on the work programme in coming meetings.

Action: Secretary

6. Climate change: internal briefing and developing plan

The Commission considered a briefing paper by the Director of PABV on climate change.

During discussion, the Commission:

- Agreed that careful consideration be given by the audit team in how to present the relative roles of the private and public sectors, and roles within the public sector, in relation to climate change (point raised by Pauline Weetman and Andrew Burns).
- Agreed that in further development of proposals for audit reporting, the audit team ensure wide stakeholder engagement (point raised by Paul Reilly on behalf of Sophie Flemig).

Action: Director of PABV

- Agreed that careful consideration be given by the audit team to the use of appropriate terminology around climate change (point raised by Paul Reilly on behalf of Sophie Flemig).

Action: Director of PABV

Following discussion, the Commission:

- Noted the briefing paper.
- Endorsed the general proposed approach and plan.

Action: Director of PABV

- Agreed that there be Commission sponsors for this work.
- To this end, noted advice from Elma Murray that in taking account of members interests expressed during the discussion on the briefing paper she was minded to confirm Andrew Burns and Sharon O'Connor as sponsors, but that any other member can intimate their interest to her.

7. Secretary's update report

The Commission considered and noted a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

8. Interim Chair's update report

The Commission considered and noted a report by the Interim Chair providing an update on recent and upcoming activity.

9. Controller of Audit report

The Commission considered and noted a report by the Controller of Audit providing an update on recent and upcoming activity.

Arising therefrom, the Commission noted advice from the Controller that a date for the Scottish Parliament's Local Government and Communities Committee to consider the Commission's Local Government Financial Overview report had yet to be confirmed.

10. Local government overview 2021: emerging messages (in private)

The Commission considered a report by the Director of PABV proposing the emerging messages for the *Local government overview 2021* report.

Following discussion, the Commission agreed:

- To endorse the emerging messages, structure and tone of the report, subject

to some revisions and other points to be addressed by the report team in conjunction with the report sponsors, Elma Murray and Tim McKay.

- That consideration of the report structure, further messages and tone, is undertaken as the work progresses through discussion with the Interim Chair and Interim Deputy Chair, as sponsors.
- That a draft audit report be brought to the Commission meeting in April 2021 prior to publication in May 2021.
- That the proposed publication and promotion strategy be considered at its meeting in April 2021.

Actions: Director of PABV

11. * Performance audit – Education outcomes: draft report (in private)

The Commission considered a report by the Director of PABV proposing the draft performance audit report (conducted jointly with the Auditor General) *Education outcomes*, the process for finalising the report, and publication arrangements for the report.

The report was presented by Antony Clark, Audit Director, PABV.

During discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Sharon O'Connor.

Action: Audit Director, PABV

- To note advice from the Audit Director that the Auditor General had proposed a publication date of 23 March following a request by the Scottish Parliament's Public Audit and Post-legislative Committee to consider the report.

Following discussion, the Commission:

- Acknowledged the importance of the Committee's scrutiny role.
- Noted advice from the Audit Director that the arrangements for further drafting and publication of the report would not be detrimentally affected by accommodating this role.
- Accordingly, agreed the publication and promotion arrangements for the report.

Action: Secretary and Audit Director, PABV

12. Best Value update (in private)

The Commission considered a report by the Secretary providing an update on matters relating to Best Value, incorporating a paper from the Director of PABV setting out recommendations of the Best Value Working Group on the approach for Best Value auditing work in councils and health and social care integration joint boards (IJBs) from 2022/23.

During discussion, the Commission noted:

- Advice from the Director, in response to a query from Stephen Moore, that the approach to auditing IJBs will ensure - particularly through the self-evaluation element of the audit approach - sufficient profile for partnership working with

the third sector.

- Advice from the Director and Secretary, in response to a query from Christine Lester, about further development work to be done in relation to ensuring a high public profile for audit reporting of audit work on IJBs, which will be considered by the Commission at future meetings.
- Advice from the Director, in response to a point by Andrew Cowie, that the proposed approach to auditing Best Value in IJBs ensured a core level of reporting that reflects the Commission's desire for appropriately robust public reporting and assurance in relation to the performance of IJBs.
- Advice from the Interim Chair that she would share information on her discussions with Audit Scotland on development of the Shared Intelligence Hub.

Following discussion, the Commission:

- Agreed the recommendations of the Best Value Working Group on the approach for Best Value auditing work in councils and IJBs from 2022/23.
- Noted the latest conclusions of the Best Value Working Group.
- Noted the progress of the stakeholder engagement plan.

Action: Director of PABV

13. Audit Scotland update (in private)

The Commission considered a verbal report by the Chief Operating Officer providing an update on the ongoing strategic business of Audit Scotland, particularly in relation to Audit Scotland's response to the Covid-19 pandemic and its impact on staff and on audited bodies.

Following discussion, the Interim Chair thanked the Chief Operating Officer, asked her to communicate the Commission's appreciation of Audit Scotland's staff on their behalf, and the Commission agreed that a further such update be scheduled for a forthcoming meeting.

Action: Secretary

14. Strategic Scrutiny Group update (in private)

The Commission considered a report by the Audit Director, PABV providing an update on the work of the Strategic Scrutiny Group.

Following discussion, the Commission noted the report.

15. Any other business

The Interim Chair advised that the Minister for Local Government, Housing and Planning had accepted an invitation to meet with the Commission on 11 February 2021.

Having then advised that there was further no business for this item, she closed the meeting.

Close of meeting

The meeting closed at 2.35pm (on 14 January) and 10.35am (on 28 January).